



## DIRECTORS' REVIEW

On behalf of the Board of Directors of Al Baraka Bank (Pakistan) Limited (the Bank), we are pleased to present the Bank's condensed interim unaudited financial statements for the quarter ended March 31, 2026.

### **Economic Overview**

During the first quarter of 2026, the macroeconomic outlook became more uncertain following the escalation of conflict in the Middle East, which led to sharp increases in global fuel prices, freight charges, and insurance costs, alongside disruptions to cross-border trade and travel. These developments heightened near-term inflationary pressures and increased external sector risks for energy-importing economies, including Pakistan. In response to evolving conditions, the State Bank of Pakistan, at its Monetary Policy Committee meeting held in March 2026, decided to maintain the policy rate at 10.5%, pending greater clarity on inflation dynamics and the external account.

On the policy and reform front, IMF staff and the Pakistani authorities reached a staff-level agreement on the third review under Pakistan's Extended Fund Facility (EFF), reinforcing reform continuity and supporting macroeconomic stability. Entering mid-2026, Pakistan's macroeconomic environment remains broadly stable, underpinned by ongoing structural reforms and IMF program support; however, downside risks persist due to heightened geopolitical uncertainty and external sector vulnerabilities.

### **Financial Performance of Al Baraka Bank (Pakistan) Limited**

The financial highlights of the Bank are given below:

Statement of Financial Position	March 31, 2026	December 31, 2025	Variation
Total assets	270,291	311,923	(13%)
Investments	102,647	103,674	(1%)
Islamic financing and related assets - net	121,706	135,966	(10%)
Total Deposits	204,231	259,643	(21%)
Total Equity	22,171	22,053	0.5%

Profit and Loss Account	March 31, 2026	March 31, 2025	Variation
Profit before taxation	1,375,091	1,890,463	(27%)
Profit after taxation	552,277	886,732	(38%)
Basic / diluted earning per share - Rupee	0.40	0.65	(38%)



For the quarter ended March 31, 2026, the Bank recorded a profit after tax of Rs. 552 million, translating into earnings per share (EPS) of Rs. 0.40. The Bank achieved a return on equity of 10% and a return on assets of 0.8%, reflecting resilient profitability amid a moderating policy rate environment. Total income declined compared to the corresponding period last year, primarily due to the lagged repricing effect following the reduction in the SBP policy rate. Notwithstanding, this profitability was supported by substantial recoveries from non-performing exposures through concentrated efforts of the Bank.

The Bank remained focused on the mobilization of current and low-cost deposits to mitigate pressure on spreads arising from the declining policy rate environment, while proactively rationalizing its deposit mix through the shedding of high-cost deposits. Financing was extended to blue chip corporate clients, commercial, and SME segments, enabling prudent growth, diversification of earning assets, and exploration of new investment opportunities. As a result, the Bank's gross advances-to-deposit ratio remained at 65%, underscoring effective balance sheet deployment.

The Bank's Capital Adequacy Ratio (CAR) stood at 18.54% as of March 2026, providing a comfortable buffer above the minimum regulatory threshold and reflecting our strong capital position.

### **Credit Rating**

In 2025, VIS Credit Rating Company Limited upgraded the Bank's long-term credit rating to 'AA-' while maintaining the short-term credit rating at 'A-1'.

### **Acknowledgement**

The Board wishes to place on record its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and the Shariah Board for their continued guidance and support. We would also like to thank our valued customers, shareholders, and business partners for their continued patronage and confidence, as well as staff members for their commitment and devotion.

On behalf of the Board.

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**Muhammad Atif Hanif**  
**Chief Executive Officer**

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**Azhar Aziz Dogar**  
**Chairman**

**April 23, 2026**  
**Karachi**